

**Child,
Van Wagoner &
Bradshaw, PLLC**

Tooele County Housing Authority

**Independent Auditor's Reports, Management's
Discussion and Analysis, and Supplemental
Information**

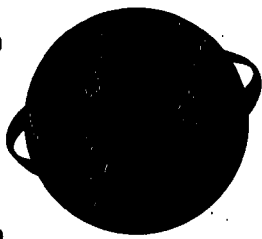
December 31, 2006

With Independent Auditors' Report Thereon

Tooele County Housing Authority

Table of Contents

Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-10
Basic Financial Statements	
Statement of Net Assets	11-12
Statement of Activities and Changes in Net Assets	13
Statement of Cash Flows	14-15
Notes to Financial Statements	16-23
Supplementary Schedules	
Financial Data Schedule I – Statement of Net Assets	25-26
Financial Data Schedule II – Statement of Activities, and Changes in Net Assets	27-29
Notes to Financial Data Schedules	30
Schedule of Expenditures of Federal Awards	32
Notes to Schedule of Expenditures of Federal Awards	33
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	34-35
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	36-37
Schedule of Findings and Questioned Costs	38-39
Schedule of Findings and Questioned Costs - Prior Year	40
Independent Auditor's Report on State of Utah Legal Compliance	41



**Child,
Van Wagoner &
Bradshaw, PLLC**
Certified Public Accountants

Douglas W. Child, CPA
Marty D. Van Wagoner, CPA
J. Russ Bradshaw, CPA
William R. Denney, CPA
Roger B. Kennard, CPA
Russell E. Anderson, CPA
Scott L. Farnes

**Independent Auditors' Report on
Financial Statements and Supplementary Schedules**

To the Board of Commissioners
Tooele County Housing Authority
Tooele County, Utah

We have audited the accompanying financial statements of the business-type activities and major fund of the Tooele County Housing Authority (the Authority), as of and for the year ended December 31, 2006, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity and major fund of the Authority as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2007, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

1284 W. Flint Meadow Dr. #D
Kaysville, UT 84037-9590
Telephone 801.927.1337
Facsimile 801.927.1344

5296 S. Commerce Dr. #300
(53rd So. @ I-15)
SLC, UT 84107-5370
Telephone 801.281.4700
Facsimile 801.281.4701

Suite B. 4F,
North Cape Commercial Bldg.
388 King's Road
North Point, Hong Kong

Board of Commissioners
Tooele County Housing Authority

The management's discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Financial Data Schedules I and II on pages 25 through 30 are presented for purposes of additional analysis, as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statement of the Authority. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Child, Van Wagoner & Bradshaw

Child, Van Wagoner & Bradshaw, PLLC
Kaysville, Utah
September 24, 2007

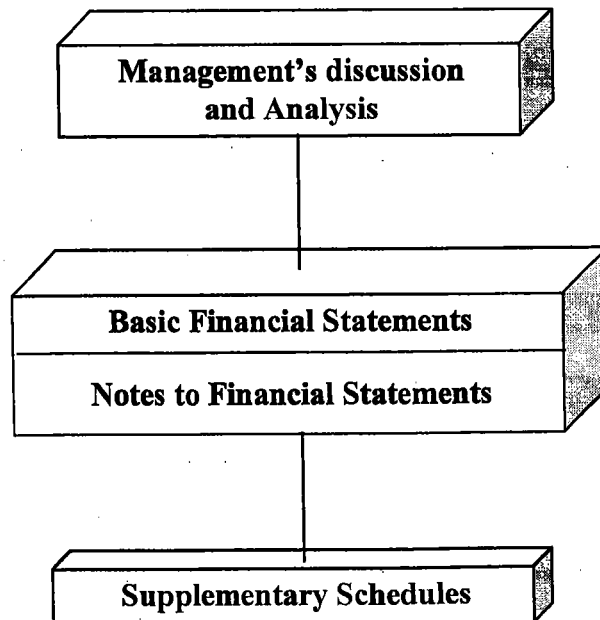
**Tooele County Housing Authority
Management's Discussion and Analysis
Year Ended December 31, 2006**

INTRODUCTION

The Tooele County Housing Authority (the Authority) was created under the laws of the state of Utah, and certified by the United States Department of Housing and Urban Development (HUD). The purpose of the Authority is to administer programs in the Tooele County area under the Housing Act of 1937, as amended. The Federal Government subsidizes these programs by direct awards through HUD and pass through awards through other state and local government agencies. The Authority is governed by a five-member board of commissioners, which is appointed by the County Commissioner of Tooele County. The Board, in turn, elects a Chairperson and employs an Executive Director to administer the affairs of the Authority.

The Authority presents this discussion and analysis of its financial performance during the fiscal year (FY) ended December 31, 2006, to assist the reader in focusing on significant financial issues and concerns. This discussion and analysis is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999.

The Authority's FY2006 annual financial report consists of two parts – the management's discussion and analysis, and the basic financial statements (which include notes to those financial statements). Also included are supplementary schedules that show information that was sent to HUD related to our basic financial statements.



Tooele County Housing Authority
Management's Discussion and Analysis (continued)
Year Ended December 31, 2006

The basic financial statements provide information about the Authority's overall financial position and results of operations. These statements, which are presented on the accrual basis, consist of the Statement of Net Assets, the Statement of Activities and Changes in Net Assets and the Statement of Cash Flows. The basic financial statements also include a "Notes to Financial Statements" section that provides additional information that is essential to a full understanding of the data provided in the basic financial statements.

The primary focus of the Authority's financial statements is on a single business-type activity that combines all programs administered by the Authority. This discussion and analysis is focused on the primary activities of the Authority.

FINANCIAL HIGHLIGHTS

Under GASB Statement No. 34, the Authority's single business-type activity financial statements for FY2006 report on all of the Authority's assets, liabilities, revenues, expenses, and net assets under the programs it administers. A summary of the current-year results in comparison with the prior year results follows:

- Net assets of the Authority increased \$121,856 as of December 31, 2006, from the prior year.
- Operating revenues of the Authority increased by \$251,023 over prior year results.
- The Authority's debt outstanding as of December 31, 2006 decreased \$7,395 over the prior year. Principal payments on mortgage notes outstanding were \$7,609 during the year.
- Current liabilities increased by \$19,720 over the prior year.
- The increase in cash and cash equivalents for the year was \$253,703.

AUTHORITY FINANCIAL STATEMENTS

The Authority is presenting its FY2006 discussion and analysis based on the financial results of its enterprise programs in three basic financial statements – the Statement of Net Assets; the Statement of Activities and changes in net assets; and the statement of cash flows. The Statement of Net Assets reports all financial and capital assets of the Authority and is presented in a format where assets equal liabilities plus net assets, formerly known as fund equity. Net assets are broken down into the following three categories:

Tooele County Housing Authority
Management's Discussion and Analysis (continued)
Year Ended December 31, 2006

- *Net assets, invested in capital assets, net of related debt* consists of all capital assets net of accumulated depreciation, reduced by the outstanding balances of mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.
- *Restricted net assets* consists of assets that are restricted by constraints placed on the asset by external parties, such as creditors, grantors, contributors, laws, or regulations reduced by liabilities payable from such assets.
- *Unrestricted net assets* consists of net assets that do not meet the definition of *net assets invested in capital assets, net of related debt* or *restricted net assets*.

The Statement of Activities and Changes in Net Assets (similar to an income statement) includes operating revenues, such as rental income; operating expenses, such as administrative, utilities, maintenance, and depreciation; and nonoperating revenues and expenses, such as investment income and interest expense. The Statement's focus is the change in net assets, which is similar to net income or loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by or used for operating activities, capital and related financing activities, and investing activities.

These financial statements utilize the economic resources measurement focus and the full accrual basis of accounting. They report the Authority's net assets and changes in net assets in full compliance with GASB Statement No. 34. Under the full accrual basis of accounting, revenues are recognized in the period they are earned and expenses in the period they are incurred.

The entity-wide presentation represents five different programs and activities. Most of these programs are financed by federal grants from HUD, rents, and other user charges resulting from operations of subsidized housing, by management fees, and by investment income and loan proceeds. In FY2006, the following programs (seen in the supplementary schedule of expenditures of federal awards on page 32) make up the Authority's single business-type activities financial statements:

- *Section 8 Housing Choice Vouchers* – This program is funded by HUD and is a subsidy program for low- and moderate-income families seeking housing in the private rental market.
- *Low-Rent Public Housing Program* – This program is funded by HUD and is a subsidy program for low- and moderate-income families seeking housing owned by the Authority.
- *Capital Fund Program* – This program uses HUD capital contributions to fund new construction, major improvements to existing properties and operating expenditures authorized by HUD.

**Tooele County Housing Authority
Management's Discussion and Analysis (continued)
Year Ended December 31, 2006**

Net Assets

The Authority's overall financial position and operations for the past two years are summarized below based on the information included in the current and prior financial statements.

**Tooele County Housing Authority
Statement of Net Assets**

	2006	2005	Total Percentage Change
Current assets	\$ 495,970	\$ 242,267	104.7%
Restricted deposits	11,948	9,582	24.7%
Fixed assets, net of depreciation	1,374,004	1,427,581	(3.8%)
Other assets	319,006	368,319	(13.4%)
Total assets	<u>2,200,928</u>	<u>2,047,749</u>	7.5%
Current liabilities	66,250	46,530	42.4%
Deposits and prepaid liabilities	9,790	9,582	2.2%
Noncurrent liabilities	299,212	287,817	4.0%
Total liabilities	<u>375,252</u>	<u>343,929</u>	9.1%
Net assets:			
Invested in capital assets	1,086,187	1,132,369	(4.1%)
Unrestricted net assets	739,489	571,451	29.4%
Total net assets	<u>\$ 1,825,676</u>	<u>\$ 1,703,820</u>	7.2%

The Authority's total assets at December 31, 2006 were \$2,200,928, an increase of \$153,179, or 7.0%, from December 31, 2005.

Cash - unrestricted

Cash - unrestricted increased \$234,849 as of December 31, 2006 compared with December 31, 2005. The primary source of the increase is due to the Authority receiving developer fees and payments due from notes receivable and from operating.

Notes Receivables, related party - current portion

Total notes receivables, related party - current portion increased by \$19,644 as of December 31, 2006 compared with December 31, 2005. The primary source of the increase is due to Grantsville Apartments, LP owing the Authority for management fees and related expenses.

**Tooele County Housing Authority
Management's Discussion and Analysis (continued)
Year Ended December 31, 2006**

Cash - tenants' security deposits

Cash - tenants' security deposits increased by \$2,358 as of December 31, 2006 compared with December 31, 2005. The primary source of the increase is due to the Authority creating an account for the restricted cash and the account accruing interest.

Notes receivable

Notes receivable decreased \$49,687 as of December 31, 2006 compared with December 31, 2005. The primary source of the decrease is due to the Authority receiving early payoffs on notes receivable.

Accrued Compensated Absences

Accrued compensated absences - current portion increased \$28,122 as of December 31, 2006 compared with December 31, 2005. The primary source of the increase is due to the Authority recording the liability to cover accrued paid time off for its employees.

Mortgage Payable

During the year the Authority repaid notes payable in the amount of \$7,395, which represents all long-term liability payments due from the Authority during the year.

Net Assets

The Authority's net assets increased by \$121,856 during FY2006. At December 31, 2006, investments in capital assets comprise approximately 62.7% of the Authority's total assets, while these assets are collateralized by related current and long-term debt of approximately \$300,000 which is approximately 76.9% of its total liabilities. However, the amount invested in capital assets, net of related debt, is approximately 59.5% of total net assets.

The Authority's net assets also consist of restricted and unrestricted net assets. Unrestricted net assets include cash in the bank, receivables, and other assets less all other liabilities not previously applied. At December 31, 2006, unrestricted net assets amount to approximately 40.5% of total net assets.

Tooele County Housing Authority
Management's Discussion and Analysis (continued)
Year Ended December 31, 2006

Revenues, Expenses and Changes in Net Assets

The results of operations for the Authority are presented below:

Tooele County Housing Authority
Statement of Activities and Changes in Net Assets

	2006	2005	Increase/(Decrease)	
			Amount	Percentage
Operating revenues:				
Dwelling rentals	\$ 58,344	\$ 62,980	\$ (4,636)	(7.4%)
HUD PHA operating grants	1,194,079	1,151,376	42,703	3.7%
Capital grants	-	34,001	(34,001)	(100.0%)
Other government grants	33,325	39,397	(6,072)	(15.4%)
Other operating revenue	317,491	67,545	249,946	370.0%
Total operating revenues	<u>1,603,239</u>	<u>1,355,299</u>	<u>251,023</u>	
Operating expenses:				
Administration	301,295	263,517	37,778	14.3%
Utilities	23,136	22,419	717	3.2%
Operating and maintenance	78,821	74,603	4,218	5.7%
General	5,085	11,130	(6,045)	(54.3%)
Insurance	11,233	16,197	(4,964)	(30.7%)
Housing assistance payments	999,792	935,056	64,736	6.9%
Depreciation	59,989	57,602	2,387	4.1%
Total operating expenses	<u>1,479,351</u>	<u>1,380,524</u>	<u>98,827</u>	
Operating gain/(loss)	<u>126,971</u>	<u>(25,225)</u>	<u>152,196</u>	
Nonoperating revenues/(expenses):				
Interest income	5,049	2,362	2,687	113.8%
Interest expense	(7,081)	(7,901)	(820)	(10.4%)
Nonoperating expenses, net	<u>(2,032)</u>	<u>(5,539)</u>	<u>3,507</u>	
Change in net assets	<u>\$ 121,856</u>	<u>\$ (30,764)</u>	<u>\$ 152,620</u>	

**Tooele County Housing Authority
Management's Discussion and Analysis (continued)
Year Ended December 31, 2006**

Operating revenues of the Authority's activities are generated principally from HUD PHA operating grants. In FY2006, the Authority's revenues for its activities totaled \$1,603,239. Of this total, \$1,194,079, or 74.3%, is from HUD PHA operating grants. Operating expenses of the Authority's activities consist primarily of housing assistance payments. Operating expenses total \$1,479,357, of which \$999,792, or 67.6%, was for housing assistance payments.

0.3% of the Authority's total revenues in FY2006 were nonoperating revenues that are derived from interest income. The remaining 99.9% were operating revenues derived from dwelling rentals (3.6%), HUD PHA operating revenues (74.3%), capital grants (0%), other government grants (2.1%), and other operating revenues (19.7%).

0.5% of the Authority's total expenses in FY2006 were nonoperating expenses that are derived from interest expense. The remaining 99.5% were operating expenses derived from administration (20.3%), utilities (1.6%), operating and maintenance (5.3%), general (0.3%), insurance (0.8%), housing assistance payments (67.2%), and depreciation (4.0%).

Increase in net assets for the year ended December 31, 2006 was \$121,856 compared with a decrease of \$30,764 for the year ended December 31, 2005. Factors contributing to these results included:

- Increase in HUD PHA operating grants, specifically Vouchers program of \$42,703.
- A developer fee paid to the Authority for \$243,500.

CAPITAL ASSETS

The Authority's capital assets as of December 31, 2006, included land, buildings, and furniture and equipment that netted to \$1,374,004, most of which is comprised of rental units available for lease to low and moderate income residents. Capital assets, net of depreciation, decreased \$53,577 from the preceding year.

	2006	2005	Change
Land	\$ 202,480	\$ 202,480	\$ -
Buildings	1,605,207	1,605,207	-
Furniture and equipment	232,334	225,923	6,411
Accumulated depreciation	(666,017)	(606,028)	(59,989)
Total	<u>\$ 1,374,004</u>	<u>\$ 1,427,582</u>	<u>\$ (53,578)</u>

**Tooele County Housing Authority
Management's Discussion and Analysis (continued)
Year Ended December 31, 2006**

CONTACTING AUTHORITY MANAGEMENT

This financial report is designed to provide a general overview of the Authority's accountability for all those interested. Questions concerning this report or requests for additional financial information should be directed to the Executive Director, Tooele County Housing Authority, 118 East Vine Street, Tooele, UT 84074.

Tooele County Housing Authority
Statement of Net Assets
December 31, 2006

Assets

Current assets:

Cash - unrestricted (note 2)	\$ 443,442
Accounts receivable - tenants	460
Notes receivable, related party - current portion (note 4 and 12)	20,787
Notes receivable - current portion (note 4)	30,000
Accrued interest receivable	231
Prepaid expenses	1,050
Total current assets	<u>495,970</u>

Restricted deposits:

Cash - tenants' security deposits (note 2)	11,178
Cash - FSS escrow (note 2)	770
Total restricted deposits	<u>11,948</u>

Fixed assets:

Land	202,480
Buildings	1,605,207
Furniture, equipment and machinery - dwellings	184,425
Furniture, equipment and machinery - administration	47,909
Total fixed assets	<u>2,040,021</u>
Less: accumulated depreciation	<u>(666,017)</u>
Net fixed assets	1,374,004

Other assets:

Notes receivable - less current portion, net of reserve of \$11,140 (note 4)	304,193
Notes receivable, related party (notes 4 and 12)	14,813
Total other assets	<u>319,006</u>

Total assets

\$ 2,200,928

See accompanying notes to basic financial statements.

Tooele County Housing Authority
Statement of Net Assets (continued)
December 31, 2006

Liabilities

Current liabilities:

Checks drawn in excess of bank balance	\$ 10,955
Accrued compensated absences - current portion	9,118
Accrued interest payable	582
Mortgages payable - current portion (note 5)	7,609
Deferred revenue (note 11)	37,986
Total current liabilities	<u>66,250</u>

Deposits and prepaid liabilities:

Tenants' security deposits	9,020
FSS escrow liability	770
Total deposits and prepaid liabilities	<u>9,790</u>

Long-term liabilities:

Mortgages payable - less current portion (note 5)	280,208
Accrued compensated absences - less current portion	19,004
Total long-term liabilities	<u>299,212</u>

Total liabilities

375,252

Net Assets

Invested in capital assets, net of related debt	1,086,187
Unrestricted net assets	739,489
Total net assets	<u>1,825,676</u>
Total liabilities and net assets	<u><u>\$ 2,200,928</u></u>

See accompanying notes to basic financial statements.

Tooele County Housing Authority
Statement of Activities,
and Changes in Net Assets
Year Ended December 31, 2006

Operating revenues:

Net tenant rental revenue	\$ 58,344
HUD PHA operating grants	1,194,079
Other government grants	33,325
Other operating revenues	<u>317,491</u>
Total operating revenues	<u>1,603,239</u>

Operating expenses:

Administration	301,295
Utilities	23,136
Ordinary maintenance and operations	78,821
General	5,085
Insurance	11,233
Housing assistance payments	999,792
Depreciation	<u>59,989</u>
Total operating expenses	<u>1,479,351</u>

Operating income	123,888
------------------	---------

Non-operating revenues (expenses):

Interest income	5,049
Interest expense	<u>(7,081)</u>
Non-operating revenues (expenses)	<u>(2,032)</u>

Change in net assets	121,856
Net assets at beginning of year	<u>1,703,820</u>
Net assets at end of year	<u><u>\$ 1,825,676</u></u>

See accompanying notes to basic financial statements.

Tooele County Housing Authority
Statement of Cash Flows
Year Ended December 31, 2006

Cash flows from operating activities:

Dwelling rentals	\$ 58,637
HUD PHA operating grants	1,194,079
Other government grants	33,325
Other operating revenues	320,574
Interest	2,092
Total receipts	<u>1,608,707</u>
Administration	262,397
Utilities	23,136
Ordinary maintenance and operations	78,821
Tenant security deposits	2,158
General	5,085
Insurance	11,233
Housing assistance payments	999,792
Interest	7,098
Total disbursements	<u>1,389,720</u>
Net cash provided by operating activities	218,987

Cash flows from investing activities:

Notes receivable	(63,402)
Notes receivable - related party	(20,019)
Payments received on notes receivable	113,089
Net cash provided by investing activities	<u>29,668</u>

Cash flows from non-capital financing activities:

Cash flows from capital financing activities:

Purchase of fixed assets	(6,411)
Principal payments on long-term debt	(7,395)
Net cash used in capital financing activities	<u>(13,806)</u>

Net increase in cash and cash equivalents	234,849
Cash and cash equivalents at beginning of year	208,593
Cash and cash equivalents at end of year	<u><u>\$ 443,442</u></u>

See accompanying notes to basic financial statements.

Tooele County Housing Authority
Statement of Cash Flows (continued)
Year Ended December 31, 2006

Reconciliation of change in net assets to net cash provided by
operating activities:

Change in net assets	\$ 121,856
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	59,989
(Increase) decrease in:	
Accounts receivable - tenants	664
Accrued interest receivable	126
Cash - FSS escrow	(8)
Cash - tenants' security deposits	(2,358)
Increase (decrease) in:	
Accounts payable	10,873
Accrued interest payable	(17)
Accrued compensated absences	28,122
Fss escrow	8
Other current liabilities	(97)
Deferred revenue	(371)
Tenants' security deposits	200
Net cash provided by operating activities	<u>\$ 218,987</u>

See accompanying notes to basic financial statements.

Tooele County Housing Authority
Notes to Financial Statements
Year Ended December 31, 2006

1. Summary of Significant Accounting Policies

Organization and History

The Tooele County Housing Authority (the Authority) was created under the laws of the state of Utah, and certified by the U.S. Department of Housing and Urban Development (HUD). The Authority has not been considered a component unit of Tooele County (the County) since the County exercises no responsibility either financially or administratively over the Authority. The purpose of the Authority is to administer programs under the Housing Act of 1937, as amended. These programs are subsidized by the Federal Government through HUD.

Financial Reporting Entity

The Governmental Accounting Standards Board (GASB) has issued Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 39, *"Determining Whether Certain Organizations Are Component Units,"* which describes those entities that are considered component units for financial reporting purposes. The Authority is not considered a component unit of Tooele County (the County), or any other government entity under the criteria of GASB Statement No. 14, as amended by GASB Statement No. 39, since the County exercises no oversight responsibility either financially or administratively over the Authority.

Tooele County Housing Development (TCHD) was established and organized as a nonprofit corporation for the purpose of acquiring, developing and managing real estate for affordable housing. TCHD is considered a component unit of the Authority and has been included in the Authority's general purpose financial statements as a blended component unit in accordance with GASB Statement No. 14. TCHD is considered a component unit of the Authority because the Authority can appoint a voting majority of the governing body of TCHD and can significantly influence the program, projects, activities, or level of service performed by TCHD.

Basis of Presentation

In order to insure observance of limitations and restrictions placed on the use of resources available to the Authority, the accounts are maintained in accordance with the principles of fund accounting. The Authority participates in HUD programs on an enterprise fund basis. All of the Authority's programs are accounted for as one business-type activity for financial reporting purposes and neither fiduciary funds nor component units that are fiduciary in nature are included. The financial statement presentation provides an indication of the financial performance of the Authority as a whole. In addition, the Authority adopts the budget that has been approved by its Board.

In accordance with HUD prescribed accounting practices, the Authority has adopted GASB Statement No. 20, *"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting."* The Authority has elected to apply all applicable FASB pronouncements and Accounting Principle Board (APB) opinions issued on or before November 30, 1989. The Authority also elects to apply all FASB pronouncements after November 30, 1989 as long as they do not conflict with or contradict GASB pronouncements.

Tooele County Housing Authority
Notes to Financial Statements (continued)
Year Ended December 31, 2006

1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (continued)

In June 1999, the GASB issued Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments.*" This statement, known as the "Reporting Model" statement, affects the way the Authority prepares and presents financial information. GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments and had no impact on beginning net assets. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes:

Management's Discussion and Analysis (new in the current year) – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports and is included as required supplementary information.

Statement of Net Assets – The Statement of Net Assets is designed to display the financial position of the primary government (business-type activities). There are no discretely presented component units. Governments report all capital assets in the government-wide Statement of Net Assets and report depreciation expense – the cost of "using up" capital assets – in the Statement of Activities and Changes in Net Assets. There is no infrastructure. The net assets of the Authority will be broken down into three categories – 1) invested in capital assets, net of related debt, 2) restricted net assets, and 3) unrestricted net assets.

Statement of Cash Flows – The direct method is required by GASB Statement No. 34.

Basis of Accounting

The Authority's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Under the accrual basis, revenues are recorded when earned and expenses are recorded when incurred. Revenues that have been received but not earned before the fiscal year end are recorded as deferred revenues.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Principal operating revenues are dwelling rentals and intergovernmental revenues. Operating expenses include administration, maintenance, insurance, depreciation, utilities, and housing assistance payments. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. This includes interest income and interest expense amounts, not discussed above.

Tooele County Housing Authority
Notes to Financial Statements (continued)
Year Ended December 31, 2006

1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Authority considers all highly liquid securities purchased with a maturity of three months or less to be cash equivalents. Tenants security deposits are not considered cash equivalents. Restricted cash consists of FSS escrow accounts maintained by the Authority which are not expected to be liquidated in the short-term and likewise are not considered cash equivalents.

Fixed Assets

Property and equipment are recorded at cost and depreciated using the straight-line method of depreciation over the estimated useful lives of the assets, as shown below. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. Maintenance and repairs, including the replacement of minor items, are expensed as incurred, and major additions to buildings, furnishings, and equipment are capitalized. Construction in progress commences depreciation when the construction is complete and related assets placed in service.

<u>Major Groupings</u>	<u>Useful Lives (years)</u>
Buildings	7-40
Furniture and equipment	5-7

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates relating to reserve for down payment loan programs receivable totaling \$11,140 at December 31, 2006 (see note 5), may change significantly in the near-term. Estimates relating to accrued compensated absences totaling \$28,122 at December 31, 2006 may change significantly in the near term.

Recently Issued Accounting Pronouncements

In February 2007, the FASB issued SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115.*" The fair value option established by this statement permits all entities to choose to measure eligible items at fair value at specified election dates. A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings (or another performance indicator if the business entity does not report earnings) at each subsequent reporting date. This statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007.

In September 2006, the FASB issued SFAS No. 157, "*Fair Value Measurements.*" This statement establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007.

None of the above new pronouncements has current application to the Authority, but may be applicable to the Authority's future financial reporting.

Tooele County Housing Authority
Notes to Financial Statements (continued)
Year Ended December 31, 2006

2. Deposits

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the State of Utah Money Management Act (the Act) that relate to the deposit and investment of public funds.

The Authority follows the requirements of the Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of the Authority funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a formal deposit policy for custodial credit risk. As of December 31, 2006, \$258,640 of the Authority's bank balances of \$458,640 was uninsured and uncollateralized.

3. Summary of Changes in Fixed Assets

A summary of changes in fixed assets for the year ended December 31, 2006 is as follows:

	Balance 12/31/2005	Additions	Retirements	Transfers	Balance 12/31/2006
Land	\$ 202,480	\$ -	\$ -	\$ -	\$ 202,480
Buildings	1,605,207	-	-	-	1,605,207
Furniture & Equipment- dwellings	178,014	6,411	-	-	184,425
Furniture & Equipment- administrative	47,909	-	-	-	47,909
Construction in Progress	-	-	-	-	-
Total Fixed Assets	<u>\$2,033,610</u>	<u>\$ 41,969</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,040,021</u>

4. Notes Receivable

Notes receivable consist of loans to qualifying individuals and families for down payment assistance or home improvements under three separate programs. The collateral for these loans consist of buildings and land for which the down payments or home improvements were made. The Authority's management has determined that the fair value of the underlying properties used as collateral exceed the face amounts of the notes receivable.

**Tooele County Housing Authority
Notes to Financial Statements (continued)
Year Ended December 31, 2006**

4. Notes Receivable (continued)

The down payment program loans totaling \$188,758 bear no interest and are to be paid back to the Authority when the participants no longer own the homes. The down payment assistance loans are subject to some risk of credit loss. Accordingly, the Authority has provided a reserve totaling \$11,140 for down payment loans that may be forgiven under SFAS 114, "*Accounting by Creditors for Impairment of a Loan*", for the estimated amount of impairment related to these loans based on expected future cash flows. The American Dream Down Payment Initiative Program loans totaling \$64,000 bear no interest and are to be paid back to the Authority when the participants no longer own the homes. The home improvement program consists of multiple loans totaling \$55,173. The interest rates range from 0% to 5% depending on the borrower's income level and family size and are due in monthly installments. Notes receivable (excluding related party notes receivable) total \$334,193 at December 31, 2006, of which home improvement loans of \$30,000 are due in the short-term.

The Authority has related party notes receivables of \$15,431 due from Valley Meadows, LLC, Tooele Crown II, LLC and Grantsville Apartments, LP for management fees earned in the year ended December 31, 2006. In addition, \$14,813 is due from Tooele Crown II, LLC for financing granted in the year 2000. The loan carries a 3% interest rate, and the Authority received no payments during the fiscal year. The Authority is the managing member of Tooele Crown II, LLC and has .1% ownership as well. Related party notes receivable total \$35,600 at December 31, 2006, of which \$20,787 is receivable in the current period. The loans are not collateralized. See note 12.

Future maturities of notes receivable are as follows:

<u>Year Ending December 31,</u>	
2007	\$ 50,787
2008	25,000
2009	25,000
2010	25,000
2011	25,000
Thereafter	<u>219,006</u>
Total future maturities	<u>\$ 369,793</u>

5. Long-Term Debt

Long-term debt consists of two mortgage notes, both of which are payable to the Utah State Division of Finance. The first note is for \$139,697 at an interest rate of 5% per annum, payable in monthly installments of \$939. Collateral consists of the land and building of a 5-plex apartment building in Tooele, with a fair value of \$137,834. The mortgage payable is due August 2026.

Tooele County Housing Authority
Notes to Financial Statements (continued)
Year Ended December 31, 2006

5. Long-Term Debt (continued)

The second mortgage note is for the amount of \$148,120, and does not bear interest. It is payable in monthly installments of \$268 in January 2003. Collateral consists of the land and building of a women's shelter located in Tooele, with a fair value of \$146,849. The mortgage payable is due January 2053.

<u>Loan</u>	<u>Balance</u> <u>12/31/05</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/06</u>
State of Utah	\$ 143,872	\$ -	\$ (4,175)	\$ 139,697
Olene Walker	151,340	-	(3,220)	148,120
Total Long-Term Debt	<u>\$1,335,764</u>	<u>\$ -</u>	<u>\$ (7,395)</u>	287,817
Current portion				(7,609)
Net long-term debt				<u>\$ 280,208</u>

Future maturities of long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 7,609	\$ 6,885
2008	7,833	6,660
2009	8,069	6,424
2010	8,317	6,176
2011	8,578	5,916
2012-2016	47,292	25,175
2017-2021	56,130	16,337
2022-2026	60,269	5,092
2027-2031	16,100	-
2032-2036	16,100	-
2037-2041	16,100	-
2042-2046	16,100	-
2047-2051	16,100	-
2052	3,220	-
Total future maturities	<u>\$ 287,817</u>	<u>\$ 78,665</u>

As is customary in the low-income housing industry, interest rates on loans used to finance the purchase of low-income housing are, in some cases, substantially below usual prevailing market rates in other industries and many loans bear interest rate subsidies and longer terms than what is customary. As a result, debt discounts based on the future value of the cumulative differences between actual interest rates and prevailing market rates for this industry have not been recorded on the Authority's financial statements as the difference between actual interest rates and interest rates that are customary in the industry are not considered material. Management is of the opinion that recording substantial debt discounts based on differences from prevailing rates in other industries would make the financial statements misleading.

Tooele County Housing Authority
Notes to Financial Statements (continued)
Year Ended December 31, 2006

6. Retirement Plans

The Authority participates in a multiple employer cost sharing retirement system administered by the Utah Retirement System. The Utah Retirement Systems provides retirement and survivor benefits to plan members and beneficiaries in accordance with retirement statutes.

The Utah Retirement Systems (the Systems) are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah retirement System and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and requires supplementary information for retirement plans administered by the Utah Retirement Systems. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah, 84102 or by calling 1-800-365-8772.

The Authority is legally obligated to contribute to the retirement systems as long as it has employees meeting membership requirements. The contribution rates are the actuarial determined rates. The contribution rates in effect for the year ending December 31, 2006, are as follows, calculated on the applicable salary for the eligible employees:

<u>Utah Retirement Systems</u>	<u>Employee Paid</u>	<u>Paid by Employer For Employees</u>	<u>Employers Contribution Rates</u>
January 1, 2006 – June 30, 2006	N/A	N/A	11.09%
July 1, 2006 – December 31, 2006	N/A	N/A	11.59%

The contributions made by the Authority for the year ended December 31, 2006, were paid by the due dates or within 30 days thereafter and were equal to the required contributions.

The required contributions and amounts received for the year ended December 31, 2006, and the two previous fiscal years are as follows:

<u>Year Ended December 31</u>	<u>Employee paid contributions</u>	<u>Employer paid for employee contributions</u>	<u>Employer contributions</u>	<u>Salary subject to retirement contributions</u>
Noncontributory System:				
Local Government Division				
2006	\$ -	\$ -	\$ 20,206	\$ 178,064
2005	\$ -	\$ -	\$ 17,329	\$ 156,257
2004	\$ -	\$ -	\$ 15,642	\$ 151,012
Defined Contribution System:				
457 Plan				
2006	\$ 1,300	\$ -		
2005	\$ 1,300	\$ -		
2004	\$ 400	\$ -		

Tooele County Housing Authority
Notes to Financial Statements (continued)
Year Ended December 31, 2006

6. Retirement Plans

Year Ended <u>December 31</u>	Employee paid <u>contributions</u>	Employer paid for employee <u>contributions</u>
401 (K) Plan		
2006	\$ 3,284	\$ 7,817
2005	\$ 3,093	\$ 6,860
2004	\$ 3,046	\$ 6,647

7. Economic Dependency

A substantial amount of the revenues received by the Authority during the year ended December 31, 2006, came from U.S. Department of Housing and Urban Development. Programs operated by the Authority depend upon continued funding by the U.S. Government.

8. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Various insurance policies have been purchased to cover the risks described above. The insurance policies require minimal deductible amounts which the Authority pays in the event of any loss. The Authority also has purchased a workers' compensation policy. Settled claims resulting from losses have not exceeded commercial insurance coverage in any of the past three fiscal years.

9. Interprogram Receivables and Payables

The Authority has interprogram receivables and payables totaling \$49,463, which have been eliminated on the financial statements.

10. Commitments and Contingencies

The Authority leases office space under a month to month operating lease agreement. Rent expense totaled \$9,453 in 2006.

11. Deferred Revenue

Deferred revenue of \$37,986 at December 31, 2006 consists of prepaid funds to the Authority from HUD for housing assistance payments, administrative fees, and maintenance on units owned by the Authority for the subsequent year.

12. Related Party

The Authority is the managing member of Tooele Crown II, LLC, Valley Meadows, LLC and Grantsville Apartments, LP. The above mentioned entities are to pay the Authority monthly management fees that total \$44,479 for the year ended December 31, 2006, of which a portion is still receivable in the amount of \$15,431 at December 31, 2006. There is also a related party long term notes receivable between the Authority and Tooele Crown II, LLC in the amount \$14,813. See note 4 for more details.

Supplementary Schedules

Tooele County Housing Authority
Financial Data Schedule I – Statement of Net Assets
December 31, 2006

PHA: UT020 FYED: 12/31/2006

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
111	Cash - Unrestricted	\$242,839	\$14,992	\$0	\$0	\$185,811	\$443,442
113	Cash - Other Restricted	\$0	\$770	\$0	\$0	\$0	\$770
114	Cash - Tenant Security Deposits	\$2,000	\$9,178	\$0	\$0	\$0	\$11,178
100	Total Cash	\$244,839	\$24,940	\$0	\$0	\$185,811	\$455,390
125	Accounts Receivable - Miscellaneous	\$0	\$5,131	\$225	\$0	\$0	\$5,356
126	Accounts Receivable - Tenants - Dwelling Rents	\$480	\$0	\$0	\$0	\$0	\$480
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$-11,140	\$-11,140
127	Notes, Loans, & Mortgages Receivable - Current	\$15,431	\$0	\$0	\$0	\$30,000	\$45,431
129	Accrued Interest Receivable	\$0	\$0	\$0	\$0	\$231	\$231
120	Total Receivables, net of allowances for doubtful accounts	\$15,891	\$5,131	\$225	\$0	\$19,091	\$40,338
142	Prepaid Expenses and Other Assets	\$500	\$0	\$550	\$0	\$0	\$1,050
144	Interprogram Due From	\$8,157	\$0	\$26,605	\$0	\$14,701	\$49,463
150	Total Current Assets	\$269,187	\$30,071	\$27,380	\$0	\$219,603	\$546,241
161	Land	\$47,000	\$155,480	\$0	\$0	\$0	\$202,480
162	Buildings	\$305,285	\$1,299,922	\$0	\$0	\$0	\$1,605,207
163	Furniture, Equipment & Machinery - Dwellings	\$9,239	\$175,186	\$0	\$0	\$0	\$184,425
164	Furniture, Equipment & Machinery - Administration	\$0	\$29,474	\$6,110	\$0	\$12,325	\$47,909
166	Accumulated Depreciation	\$-63,374	\$-584,208	\$-6,110	\$0	\$-12,325	\$-666,017
160	Total Fixed Assets, Net of Accumulated Depreciation	\$288,150	\$1,075,854	\$0	\$0	\$0	\$1,374,004
171	Notes, Loans, & Mortgages Receivable - Non Current	\$52,215	\$0	\$0	\$0	\$277,931	\$330,146
180	Total Non-Current Assets	\$350,385	\$1,075,854	\$0	\$0	\$277,931	\$1,704,150
190	Total Assets	\$619,552	\$1,105,925	\$27,380	\$0	\$497,534	\$2,250,391

Tooele County Housing Authority
Financial Data Schedule I – Statement of Net Assets (continued)
December 31, 2006

PHA: UT020 FYED: 12/31/2006									
Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total		
311	Bank Overdraft	\$0	\$0	\$10,955	\$0	\$0	\$10,955		
322	Accrued Compensated Absences - Current Portion	\$1,135	\$5,210	\$2,547	\$0	\$226	\$9,118		
325	Accrued Interest Payable	\$582	\$0	\$0	\$0	\$0	\$582		
341	Tenant Security Deposits	\$2,000	\$7,020	\$0	\$0	\$0	\$9,020		
342	Deferred Revenues	\$4,618	\$760	\$0	\$0	\$32,608	\$37,986		
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$7,609	\$0	\$0	\$0	\$0	\$7,609		
345	Other Current Liabilities	\$0	\$770	\$0	\$0	\$0	\$770		
347	Interprogram Due To	\$32,135	\$5,153	\$0	\$0	\$12,175	\$49,463		
310	Total Current Liabilities	\$48,079	\$18,913	\$13,502	\$0	\$45,009	\$125,503		
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$280,208	\$0	\$0	\$0	\$0	\$280,208		
354	Accrued Compensated Absences - Non Current	\$2,229	\$11,551	\$4,797	\$0	\$427	\$19,004		
350	Total Noncurrent Liabilities	\$282,437	\$11,551	\$4,797	\$0	\$427	\$299,212		
300	Total Liabilities	\$330,516	\$30,464	\$18,299	\$0	\$45,436	\$424,715		
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0		
508.1	Invested in Capital Assets, Net of Related Debt	\$10,333	\$1,075,854	\$0	\$0	\$0	\$1,086,187		
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0		
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0	\$0	\$0		
512.1	Unrestricted Net Assets	\$278,703	\$-393	\$9,081	\$0	\$452,098	\$739,489		
513	Total Equity/Net Assets	\$289,096	\$1,075,461	\$9,081	\$0	\$452,098	\$1,825,676		
600	Total Liabilities and Equity/Net Assets	\$619,552	\$1,105,925	\$27,380	\$0	\$497,534	\$2,250,391		

Tooele County Housing Authority
Financial Data Schedule II – Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2006

PHA: UT020 FYED: 12/31/2006

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
703	Net Tenant Rental Revenue	\$30,125	\$28,219	\$0	\$0	\$0	\$58,344
705	Total Tenant Revenue	\$30,125	\$28,219	\$0	\$0	\$0	\$58,344
706	HUD PHA Operating Grants	\$0	\$52,350	\$1,105,475	\$38,254	\$0	\$1,194,079
708	Other Government Grants	\$0	\$0	\$0	\$0	\$33,325	\$33,325
711	Investment Income - Unrestricted	\$379	\$266	\$1,321	\$0	\$3,083	\$5,049
715	Other Revenue	\$292,393	\$23,609	\$514	\$0	\$975	\$317,491
700	Total Revenue	\$322,897	\$104,444	\$1,107,310	\$36,254	\$37,383	\$1,608,288

Tooele County Housing Authority
Financial Data Schedule II – Statement of Activities
and Changes in Net Assets (continued)
Year Ended December 31, 2006

PHA: UT020 FYED: 12/31/2006

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
911	Administrative Salaries	\$47,226	\$38,817	\$73,915	\$0	\$15,702	\$175,660
912	Auditing Fees	\$1,502	\$2,504	\$3,770	\$0	\$924	\$8,700
915	Employee Benefit Contributions - Administrative	\$14,404	\$20,967	\$23,175	\$0	\$5,243	\$63,789
916	Other Operating - Administrative	\$14,742	\$14,538	\$21,009	\$0	\$2,529	\$52,818
931	Water	\$1,342	\$14,783	\$0	\$0	\$0	\$16,125
932	Electricity	\$1,530	\$3,576	\$0	\$0	\$0	\$5,106
933	Gas	\$1,639	\$265	\$0	\$0	\$0	\$1,904
941	Ordinary Maintenance and Operations - Labor	\$0	\$43,011	\$0	\$0	\$0	\$43,011
942	Ordinary Maintenance and Operations - Materials and Other	\$868	\$5,977	\$447	\$0	\$0	\$7,292
943	Ordinary Maintenance and Operations - Contract Costs	\$3,732	\$24,785	\$0	\$0	\$0	\$28,517
961	Insurance Premiums	\$1,606	\$7,025	\$2,602	\$0	\$0	\$11,233
962	Other General Expenses	\$3,415	\$0	\$0	\$0	\$2,000	\$5,415
967	Interest Expense	\$7,081	\$0	\$0	\$0	\$0	\$7,081
969	Total Operating Expenses	\$99,087	\$176,248	\$124,918	\$0	\$26,398	\$426,651
970	Excess Operating Revenue over Operating Expenses	\$223,810	\$-71,804	\$982,392	\$36,254	\$10,985	\$1,181,837
973	Housing Assistance Payments	\$0	\$0	\$999,792	\$0	\$0	\$999,792
974	Depreciation Expense	\$9,047	\$50,827	\$0	\$0	\$115	\$59,989
900	Total Expenses	\$108,134	\$227,075	\$1,124,710	\$0	\$26,513	\$1,486,432
1001	Operating Transfers In	\$0	\$36,254	\$0	\$0	\$0	\$36,254
1002	Operating Transfers Out	\$0	\$0	\$0	\$-36,254	\$0	\$-36,254
1010	Total Other Financing Sources (Uses)	\$0	\$36,254	\$0	\$-36,254	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$214,763	\$-86,377	\$-17,400	\$0	\$10,870	\$121,856

Tooele County Housing Authority
Financial Data Schedule II – Statement of Activities
and Changes in Net Assets (continued)
Year Ended December 31, 2006

PHA: UT020 FYED: 12/31/2006

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$74,273	\$1,161,838	\$26,481	\$0	\$441,228	\$1,703,820
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$1,159,471	\$0	\$0	\$1,159,471
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$0	\$0	\$0	\$0
1116	Total Annual Contributions Available	\$0	\$0	\$1,159,471	\$0	\$0	\$1,159,471
1120	Unit Months Available	60	264	2,580	0	0	2,904
1121	Number of Unit Months Leased	60	264	2,580	0	0	2,904
1117	Administrative Fee Equity	\$0	\$0	\$-28,947	\$0	\$0	\$-28,947
1118	Housing Assistance Payments Equity	\$0	\$0	\$38,028	\$0	\$0	\$38,028

**Tooele County Housing Authority
Notes to Financial Data Schedule
Year Ended December 31, 2006**

1. Basis of Presentation

The Financial Data Schedules have been prepared using the basis of accounting required by HUD's Real Estate Assessment Center.

2. Reconciliation to Basic Financial Statements

The following reconciles combined balances of total assets, total liabilities, net assets and changes in net assets per the Financial Data Schedules to the basic financial statements:

	<u>Total assets</u>	<u>Total liabilities</u>	<u>Net assets</u>	<u>Change in net assets</u>
Balances per Financial Data Schedules	\$ 2,250,391	\$ 424,715	\$1,825,676	\$ 121,856
Elimination of interprogram balances	<u>(49,463)</u>	<u>(49,463)</u>	<u>-</u>	<u>-</u>
Balances per basic financial statements	<u>\$ 2,200,928</u>	<u>\$ 375,252</u>	<u>\$1,825,676</u>	<u>\$ 121,856</u>

**Schedule of Expenditures of Federal Awards and
Other Audit Reports and Schedules**

**Tooele County Housing Authority
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2006**

<u>Federal Assistance Programs Agency/Program Grant Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing & Urban Development (HUD)		
Direct Programs:		
Low-Rent Public Housing	14.850a	52,350
Section 8 Housing Choice Vouchers	14.871	1,105,475
Public Housing Capital Fund	14.872	36,254
Passed Through from the Utah State Department of Community and Economic Development:		
Community Development Block Grants/ State's Program	14.228	6,613
Total expenditures of federal awards		<u>\$ 1,200,692</u>

Tooele County Housing Authority
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2006

1. Scope of Audit Pursuant to OMB Circular A-133

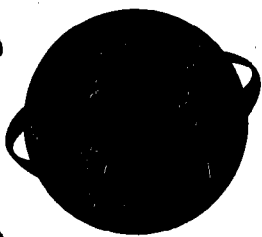
The Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal award programs of the Authority. All federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies or other entities are included in the Schedule.

2. Basis of Presentation

The Authority's Schedule of Expenditures of Federal Awards has been prepared using the same basis of accounting as the December 31, 2006 financial statements of the Authority. The Authority reports to HUD using the accrual basis of accounting. A complete description of the basis of accounting is included in note 1 to those financial statements.

3. Contingencies

In connection with various federal grant programs, the Authority is obligated to administer related programs and spend the funds in accordance with regulatory restrictions, and is subject to audit by grantor agencies and other auditors. In cases of noncompliance, the agencies involved may require the Authority to refund program funds.



**Child,
Van Wagoner &
Bradshaw, PLLC**
Certified Public Accountants

Douglas W. Child, CPA
Marty D. Van Wagoner, CPA
J. Russ Bradshaw, CPA
William R. Denney, CPA
Roger B. Kennard, CPA
Russell E. Anderson, CPA
Scott L. Farnes

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters based on
an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Commissioners
Tooele County Housing Authority
Tooele County, Utah

We have audited the financial statements of the business activity and major fund of the Tooele County Housing Authority (the Authority) as of and for the year ended December 31, 2006, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 24, 2007. That report noted that the Authority implemented Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* for the year ended December 31, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial

1284 W. Flint Meadow Dr. #D
Kaysville, UT 84037-9590
Telephone 801.927.1337
Facsimile 801.927.1344

5296 S. Commerce Dr. #300
(53rd So. @ I-15)
SLC, UT 84107-5370
Telephone 801.281.4700
Facsimile 801.281.4701

Suite B. 4F,
North Cape Commercial Bldg.
388 King's Road
North Point, Hong Kong

Board of Commissioners
Tooele County Housing Authority

statement amounts, However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Authority in a separate letter dated September 24, 2007.

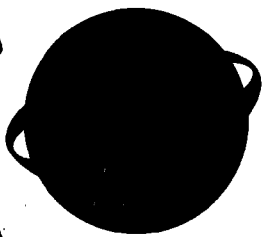
This report is intended solely for the information of the audit committee, Board of Commissioners, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Child Van Wagoner & Bradshaw

Child, Van Wagoner & Bradshaw, PLLC

Kaysville, Utah

September 24, 2007



**Child,
Van Wagoner &
Bradshaw, PLLC**
Certified Public Accountants

Douglas W. Child, CPA
Marty D. Van Wagoner, CPA
J. Russ Bradshaw, CPA
William R. Denney, CPA
Roger B. Kennard, CPA
Russell E. Anderson, CPA
Scott L. Farnes

**Report on Compliance with Requirements Applicable to
Each Major Program and on Internal Control
Over Compliance in Accordance
with OMB Circular A-133**

Board of Commissioners
Tooele County Housing Authority
Tooele County, Utah

Compliance

We have audited the compliance of the Tooele County Housing Authority (the Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

1284 W. Flint Meadow Dr. #D
Kaysville, UT 84037-9590
Telephone 801.927.1337
Facsimile 801.927.1344

5296 S. Commerce Dr. #300
(53rd So. @ I-15)
SLC, UT 84107-5370
Telephone 801.281.4700
Facsimile 801.281.4701

Suite B, 4F,
North Cape Commercial Bldg.
388 King's Road
North Point, Hong Kong

Board of Commissioners
Tooele County Housing Authority

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grant agreements and other matters applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Child, Van Wagoner & Bradshaw

Child, Van Wagoner & Bradshaw, PLLC

Kaysville, Utah

September 24, 2007

**Tooele County Housing Authority
Schedule of Findings and Questioned Costs
Year Ended December 31, 2006**

SECTION I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No

- Reportable condition(s) identified
that are not considered to be material
weaknesses? Yes X None reported

Non compliance material to financial
statements noted?

 Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No

- Reportable condition(s) identified
that are not considered to be material
weaknesses? Yes X None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with section 510(a)
of Circular A-133?

 Yes X No

Identification of major programs?

CFDA Number(s)
14.871

Name of Federal Program or Cluster
Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish
between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

 X Yes No

**Tooele County Housing Authority
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2006**

Section II-Financial Statement Findings and Questioned Costs

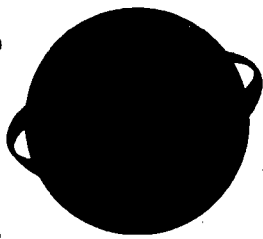
No matters were reported for the fiscal year ended December 31, 2006.

Section III-Federal Award Findings and Questioned Costs

No matters were reported for the fiscal year ended December 31, 2006.

Tooele County Housing Authority
Schedule of Findings and Questioned Costs - Prior Year
Year Ended December 31, 2006

No matters were reported for the fiscal year ended December 31, 2005.



**Child,
Van Wagoner &
Bradshaw, PLLC**
Certified Public Accountants

Douglas W. Child, CPA
Marty D. Van Wagoner, CPA
J. Russ Bradshaw, CPA
William R. Denney, CPA
Roger B. Kennard, CPA
Russell E. Anderson, CPA
Scott L. Farnes

**Tooele County Housing Authority
Independent Auditor's Report on State of Utah Legal Compliance
Year Ended December 31, 2006**

Board of Commissioners
Tooele County Housing Authority
Tooele County, Utah

We have audited the financial statements of the Tooele County Housing Authority (the Authority), for the year ended December 31, 2006, and have issued our report thereon dated September 24, 2007. Our audit included test work on the Authority's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide including:

Cash Management
Other Compliance Requirements

The Authority received the following nonmajor funding during the year ended December 31, 2006:

Community Development Block Grant

The management of the Authority is responsible for the Authority's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, the Authority complied, in all material respects with the general compliance requirements identified above for the year ended December 31, 2006.

Child, Van Wagoner & Bradshaw

Child, Van Wagoner & Bradshaw, PLLC
Kaysville, UT
September 24, 2007

1284 W. Flint Meadow Dr. #D
Kaysville, UT 84037-9590
Telephone 801.927.1337
Facsimile 801.927.1344

5296 S. Commerce Dr. #300
(53rd So. @ I-15)
SLC, UT 84107-5370
Telephone 801.281.4700
Facsimile 801.281.4701

Suite B. 4F,
North Cape Commercial Bldg.
388 King's Road
North Point, Hong Kong